

**MINUTES OF THE SPECIAL MEETING
ILLINOIS GAMING BOARD
AUGUST 11, 1998
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

A Special Meeting of the Illinois Gaming Board ("Board") was held on August 11, 1998, in room #S-304 of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120.

The following Board Members were present: J. Thomas Johnson, Chairman; and Members William B. Browder, Gayl S. Pyatt, Terry A. Scrogum and Robert F. Vickrey.

Also in attendance were: Administrator Michael A. Belletire, Deputy Administrators Joseph Haughey and Allan McDonald, Chief Counsel Mareile' Cusack, and other members of the staff.

The meeting was convened at 12:00 noon. Member Browder **moved that the Board retire to closed session to discuss subjects authorized for closed session consideration pursuant to section 2(c), paragraphs (4), (7), (11), and (14) of the Open Meetings Act.** Member Scrogum seconded the motion. The Board adopted the motion by unanimous consent.

The Board recessed the Closed Session at 2:25 p.m.

The Board convened in Open Session at 2:28 p.m.

The Chairman noted that the agenda was revised to include a request by Casino Queen to conduct preventive maintenance.

Owner Licensee Items

DES PLAINES DEVELOPMENT LIMITED PARTNERSHIP ("Harrah's") - Jim Renkl and Chris Riley, representing Harrah's, requested initial consideration for approval of the construction of a hotel to be built at the Harrah's site in Joliet. Harrah's will begin construction on the 204-room hotel beginning in late September to be completed by December 1999. The capital requirements for the project are an estimated \$29 million.

OWNER LICENSE RENEWAL DATES - Administrator Belletire reported that the Board asked staff at its last meeting to recommend steps that can be taken to address the current over-concentration of owner licensee renewals in the month of July. The

Administrator stated that the Riverboat Gambling Act (“Act”) contains language that suggests the Board may not be bound to a precise 12-month period to cover licensure. The inference is that there is to be an “annual” (e.g. once in a calendar year) renewal determination. The Administrator suggested that the Board adopt a one-time adjustment, that would move four licensees’ renewal dates. The staff’s proposal would move Hollywood Casino Aurora from a July renewal to a December renewal. This shift is proposed so as to coordinate the owner’s renewal with the annual renewal of its management company, PMLP. Harrah’s which has been renewed in July due to the Board’s August break, is extended one month, to September. Par-A-Dice is also extended one month, to March while Empress is moved up one month, to June.

The Administrator stated that this shift in renewal dates would leave only one month (October) with two owner renewals.

Member Browder moved **that the Board pass the resolution pertaining to a change in owner renewal dates**. Member Pyatt seconded the motion.

Member Vickrey stated that he would likely oppose this proposal. He feels the word “annually” in the Act signifies the passage of a year’s worth of time.

Member Pyatt moved **that the motion addressing a change in Owner license renewal dates be tabled to the September 8, 1998 meeting of the Board**. Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

The Chairman asked the Administrator to circulate the resolution under consideration to Owner licensees.

CASINO QUEEN – Bill Roberts, representing Casino Queen, requested a waiver of the two meeting rule as well as a waiver of rule 3000. 510 to allow gaming to be conducted while an underwater hull inspection of the M/V Casino Queen is undertaken. Mr. Roberts apologized to the Board for the licensee’s failure to come before the Board in a more timely fashion. Mr. Roberts stated that there is a window of opportunity, in terms of safety, to complete this inspection.

Chairman Johnson asked Mr. Roberts what the potential consequences will be if the Board does not waive the two meeting rule. Mr. Roberts stated that a high water level is dangerous to the divers. The river is currently low, making it an optimum time for the inspection. Mr. Johnson asked what is the Casino Queen’s agreement with the Coast Guard and what would be the Coast Guard reaction if the window of opportunity is missed. Mr. Rodney Phillipe, Chief Legal Counsel responded. He noted that the Coast Guard has approved an extension of the dry-dock hull inspection requirement until September 2. He further stated that Casino Queen has a request pending with the Coast

Guard for another 90-day extension, but that the Coast Guard is anxious to see an underwater inspection completed.

Mr. Johnson asked what will occur if the Coast Guard does not grant the extension. Mr. Roberts stated that the boat will not sail and gaming will not occur. Administrator Belletire clarified that the licensee's request is to avoid an alternative inspection, namely a five-year dry dock inspection. The licensee would be obliged to make arrangements for a dry dock inspection, presumably in Louisiana.

Chairman Johnson stated that earlier in the year Casino Queen asked for a waiver to conduct gambling during a partial hull inspection. The Board granted this request. Mr. Roberts stated that in February, the inspection contractor was unable to complete the underwater tests due to water conditions. In the intervening period, the Coast Guard has revised its underwater hull inspection requirements. Mr. Johnson stated that he does not understand why the Board was not made aware of the window of opportunity sooner than August 7 (two business days before this meeting). The Chairman asked that staff investigate why communication broke down between the licensee and Board staff between February 16 and August 7 and asked staff to provide suggestions to improve communications.

Administrator Belletire stated that staff recommend the licensee be granted the waiver while staff is investigating the break down in communications.

Member Scrogum moved **that the Board waive the two meeting rule to consider Casino Queen, Inc.'s request for a waiver of the cruising requirements under Board rule 3000.510.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Member Pyatt moved **that the Board approve Casino Queen, Inc.'s request for a waiver of Board Rule 3000.510 to allow the Casino Queen to conduct gaming while remaining dockside while a full underwater hull inspection is being performed on its vessel.**

I further move that the Board direct the Administrator and staff to investigate procedures used by Casino Queen in presenting this request to the Board and if appropriate to prepare a disciplinary complaint against Casino Queen for its failure to make provisions for compliance with the Act, the rules and Federal regulations. Member Browder seconded the motion.

Member Vickrey commented that the reason river conditions are favorable at this time of year is due to low rainfall in late July and early August.

The Board approved the motion unanimously by voice vote.

Complaints & Disciplinary Actions

Member Vickrey moved **that the Board issue a disciplinary complaint against Progressive Games, Inc. (“PGI”) and fine PGI in the amount of \$30,000. The complaint involves PGI’s failure to comply with the Board Order to not introduce or market new games without prior Board approval.** Member Scrogum seconded the motion. The Board approved the motion unanimously by voice vote.

Board Policy Items

Administrator Belletire stated that circumstances have arisen that prompted staff to suggest an adjustment to the Board’s Code of Conduct (the “Code”). The Administrator explained that Section 5 of the Code of Conduct is overly sweeping in its application of prohibitions. Under current provisions, inadvertent or incidental financial transactions involving occupational or supplier licensees can, unjustifiably, be seen as prohibited relationships. The Administrator observed that Section 5 should be focused on the financial relationships of applicants for or holders of owners licenses.

The Administrator recommended revisions to Section 5 that limit the application of this section to owner licensees and places an affirmative duty on both owner licensees and IGB employees to identify potential conflicts.

Member Browder moved **that the Board adopt the amendments to Section 5 and related revisions of the Code of Conduct as proposed by staff at this special Board meeting.** Member Scrogum seconded the motion. The Board approved the motion unanimously by voice vote.

There being no further business to come before the Board, Member Browder moved **that the Board stand adjourned.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote and adjourned at 3:08 p.m.

Respectfully submitted,

Susan O. Weber
Secretary of the Board